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Republican Policy
Committee

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Legislative Notice

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S. 903 – Foreign Affairs Reform and Restructuring Act of 1997

Calendar No. 83

Reported from the Committee on Foreign Relations on June 12, 1997, by a vote of 14 to 4 (with Senators Lugar, Feingold, Sarbanes, and Wellstone voting no.) S. Rept. 105-28.

NOTEWORTHY

- The Senate today is expected to begin consideration of S. 903, the Foreign Affairs Reform and Restructuring Act of 1997.
- The Committee bill authorizes $6.08 billion in fiscal year 1998 and $5.93 billion in fiscal year 1999 for the Department of State and other foreign affairs agencies, including the Peace Corps. This compares to the President's FY 1998 request of $6.15 billion.
- S. 903 reorganizes and consolidates the foreign affairs agencies of the U.S. government. In particular, the bill abolishes three agencies — the Arms Control and Disarmament Agency (ACDA); the United States Information Agency (USIA); and the United States International Development Cooperation Agency (IDEA), a part of the Agency for International Development (AID). The functions of these three agencies will be incorporated into the State Department. AID is not abolished by the Committee bill but is placed under the direct oversight of the Department of State.
- The Committee bill provides for the payment of $819 million in U.S. assessments for support of the United Nations previously withheld. These assessments are tied to reforms regarding (1) protection of United States sovereignty, (2) placement of a 20 percent cap on U.S. contributions for the support of the United Nations (25 percent for peacekeeping operations), and (3) budget and personnel reforms.
- While a Statement of Administration Policy was not available at press time, it is understood that the Clinton Administration supports passage of S. 903, although it opposes a number of its provisions. (See Administration Position, page 6.)

HIGHLIGHTS

S. 903 requires fundamental reforms in the structure of the U.S. government's foreign affairs agencies (located in Division A of the bill) and in the relationship between the United States and the United Nations (Division C), particularly with regard to American financial support for the United Nations. These are summarized, as follows:

Division A — Consolidation of Foreign Affairs Agencies

This division abolishes three foreign affairs agencies and incorporates their functions into the Department of State:

Arms Control and Disarmament Agency (ACDA) Consolidation

- ACDA must be abolished no later than October 1998.
- The bill creates within the State Department an "Under Secretary of State for Arms Control and International Security."

United States Information Agency (USIA) Consolidation

- USIA must be abolished no later than October 1, 1999.
- The bill creates within State Department an "Under Secretary of State for Public Diplomacy."
- Ninety days after enactment (or by October 1, 1998) USIA public affairs and legislative affairs offices must be incorporated into the State Department.
- S. 903 provides for the retention of the Broadcasting Board of Governors established by the U.S. International Broadcasting Act of 1994 to oversee all U.S.-sponsored international broadcasting: Voice of America, Radio and TV Marti, Worldnet TV, Radio Free Europe/Radio Liberty, and Radio Free Asia. The Board and the broadcasting services are *not* merged into the State Department by the Committee bill.

International Development Cooperation Agency (IDCA) Consolidation

- S. 903 abolishes the International Development Cooperation Agency (IDCA) by October 1, 1998, eliminating the Agency for International Development (AID) Administrator's direct line to the President and placing him under the direction of the Secretary of State.

- The bill removes the statutory requirement that OMB allocate development and economic assistance directly to AID and funds all U.S. foreign assistance programs through the Department of State.

- The Secretary of State is required to establish "assistance coordinators" in the Department of State to supervise all foreign assistance activities, ensuring that foreign aid programs implemented by AID are consistent with U.S. foreign policy.

- Ninety days after enactment (or by October 1, 1998) AID public affairs, press office and legislative affairs offices must be incorporated into the State Department.

Division C — United Nations Reform

The Committee bill establishes a two-part plan for (1) current U.S. payments to the United Nations and its specialized agencies and for (2) payment of arrearages to the United Nations and its specialized agencies. Each part is tied to the Secretary of State's certification that specified benchmark conditions have been met.

Benchmarks for Current Payments (Fiscal Years 1998 and 1999)

- The bill requires the United Nations to implement a negative growth budget for the 1998-99 budgetary cycle and caps the total funding for U.S. contributions to international organizations at $900 million annually.

- The bill enacts as permanent law a requirement that all U.S. assistance to assessed U.N. peacekeeping operations must be reimbursed.

- The bill requires personnel reductions promised by U.N. Secretary General Kofi Annan and requires a strong and independent U.N. inspector general.

- S. 903 prohibits use of funds for any global U.N. conferences and prohibits the United Nations from using U.S. assessments to the United Nations to fund other organizations.

- Full notification and consultation with Congress on U.N. peacekeeping operations is required.

- S. 903 cuts foreign aid of nations whose U.N. diplomats owe unpaid parking fines by 110 percent of outstanding fines. This places on U.N. diplomats in New York the same provisions in current law affecting diplomats assigned to embassies in Washington, DC.

Benchmarks for Arrears Payments

The Committee bill authorizes payment of $819 million in arrearages to the United Nations in installments of $100 million in FY 1998, $475 million in FY 1999, and $244 million in FY 2000, conditioned on the Secretary of State's certification that specified benchmark conditions have been met, as follows:

FY 1998 ($100 million authorized): Sovereignty Certifications

- The United Nations must accept the payments authorized by this bill as full payment for past arrearages. In addition, the Secretary of State must certify that neither the United Nations nor any U.N. agency has taken any action contrary to the Constitution of the United States or U.S. sovereignty.

- Also, the United Nations may not impose any taxes on the United States, establish a standing U.N. army, impose interest fees on U.S. arrearages, violate public or private property rights in the United States, or engage in borrowing income in excess of budgetary appropriations.

FY 1999 ($475 million authorized): Scale of Assessment Reduction

- The total share of all assessed contributions for the U.N.'s regular budget or for any specialized agency cannot exceed 22 percent for any single member state; this cap would remain in effect for one year. (NOTE: The United States has historically paid some 30 percent, more than any other single country.)

- The assessment for any single member state for peacekeeping costs cannot exceed 25 percent; this cap would be permanent.

FY 2000 ($244 million authorized): Budget and Personnel Reform

- The 22-percent assessment cap established for FY 1999 is permanently reduced to 20 percent.

- The bill requires an inspector general in the three largest U.N. specialized agencies: the International Labor Organization (ILO), the Food and Agriculture Organization (FAO), and the World Health Organization (WHO).

- S. 903 imposes on the United Nations and U.N. agencies general accounting and financial regulations and a procedure to identify programs that should be sunsetted.

- The United States must have a permanent seat on the U.N.'s budgetary committee (NOTE: The United States was voted off the Committee last year.)

- The bill requires the United Nations to give the U.S. General Accounting Office (GAO) authority to audit U.N. programs; imposes personnel reforms (code of conduct, merit-based hiring, personnel accounting, review of the allowance system); and requires a reduction in the overall budgets of all specialized agencies.

BILL PROVISIONS

In addition to the provisions reorganizing the U.S. foreign affairs agencies and reforming the U.S. relationship with the United Nations detailed in the Highlights section of this Notice, the following provisions deserve mention:

- **International Criminal Court:** The United States may not participate in an international criminal court with jurisdiction over crimes of an international character except pursuant to treaty under the Constitution or as specifically authorized by statute. (Section 1211)

- **U.S. Embassy in Jerusalem:** The bill authorizes $25 million in FY 1998 and $75 million in FY 1999 for construction of a U.S. Embassy in Jerusalem. No funds may be used to create any office or department of the U.S. government or to hold any meeting in any part of Jerusalem to conduct official business with the Palestinian authority. (Sections 1603 and 1604)

- **Envoy for Tibet:** The President is required to appoint a special envoy, with the personal rank of ambassador, for Tibet. (Section 1606)

- **Terrorist States:** Changes are made to provisions of the Anti-Terrorism and Effective Death Penalty Act of 1996 (18 U.S.C. 2332d(a)) to remove the discretion of the Secretary of the Treasury to effectually nullify prohibitions on certain financial transactions by specified terrorist states. (NOTE: Last year, the Clinton Administration exempted Sudan and Syria from the provisions of the Act. For further information, see the *Washington Post*, "U.S. Eased Law On Terrorism To Aid Oil Firm," 1/23/97, and "GOP Targets Sudan Loophole," 2/7/97.)

COST

According to the Congressional Budget Office, the budgetary impact of S. 903 as reported would be $5.9 billion in FY 1998, $6.22 billion in FY 1999, $244 million in FY 2000, and zero thereafter.

ADMINISTRATION POSITION

A Statement of Administration Position had not been received at press time. Based on the State Department's letter to the Committee (signed by the Assistant Secretary for Legislative Affairs) just prior to markup, the Administration supports passage of S. 903, while opposing a number of its provisions, including overall funding levels, establishment of a Special Envoy for Tibet, and ending the Administration's discretion on the prohibition on financial transactions by terrorist states.

OTHER VIEWS

Additional View of Senator Lugar

"I disagree strongly with the Committee's decision to approve Division C in the bill, particularly Title XXII, pertaining to the United Nations and the payment of past U.S. debts. The Chairman and the Ranking Member have worked hard to forge a workable formula for paying our arrears. Unfortunately, Title XXII contains thirty-eight separate 'benchmarks' or preconditions to our payments. These benchmarks make it unlikely the U.N. will reform along the lines we desire or that we will pay back our debts. Consequently, I believe our position in the U.N. could be weakened further, the fiscal crises will continue, and our ability to attain our interests in the U.N. will be impaired.

"The Committee should have debated whether the United States should retain membership in the United Nations and whether the United Nations should be a viable institution or one hobbled by inefficiency and fiscal stress. If we want to remain in the United Nations, which I believe we should, then we should improve our leverage to promote American interests. If we prefer a weak, feckless and financially stressed organization, the price of membership may be too high, and we should consider withdrawing from it. I believe the actions of the Committee failed to resolve our arrears problem with the United Nations and may have weakened the case for the reforms we have championed.

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"There is much misunderstanding about the amount and nature of our arrears. Only 5%, some $54 million, of the total $1.021 billion amount we acknowledge we owe is actually owed to the United Nations. The bulk of our debt — $658 million — is our share of the costs of peacekeeping activities that we voted for and asked other nations to support with their troops.

"Nearly two-thirds of our total arrears are for past peacekeeping operations, but none of this would go to the United Nations. The United Nations is merely a conduit for payments to those countries who supported peacekeeping operations with troops and equipment. They took the risks and shared the costs in peacekeeping activities that we judged to be in our national interest. We owe these funds to other countries, not to the United Nations Secretariat or to its employees. Most of this debt is owed to our NATO allies, including France ($60.1 million), Great Britain ($41 million), the Netherlands ($21 million), Pakistan ($20.1 million), Germany ($18.3 million), Belgium ($17.3 million), Italy ($17.2 million), India ($16.11 million), and Canada ($14.2 million).

"In this bill, we are asking our NATO allies to pay more than they pay now for future peacekeeping operations and for the regular budget as a condition of our paying back past dues that we are obligated to pay. It makes good sense to seek a reduction in our contributions, but this should not be a pre-condition for paying what we already owe. We would be scornful of any other nation that made similar demands. This is not what an honorable and responsible nation should propose."

Additional Views of Senators Feingold and Kerry

"We strongly oppose the provisions in this bill that would establish a new, independent federal agency to administer U.S. international broadcasting programs [i.e., the Broadcasting Board of Governors]. We believe that creating a new federal agency within a bill designed to consolidate foreign policy programs is directly contrary to the purpose of the underlying legislation.

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"There are five primary reasons why we oppose these provisions. First, the provisions reinstate a structure that allowed fiscal abuse and mismanagement to thrive for two decades. . . . Second, the provisions undermine the commitment of the Congress to privatization. . . . Third, these provisions create a new federal agency. . . . Fourth, in an age of dramatic changes in communications technology — with the Internet, CNN, and cellular telephone available just about anywhere in the world — it is becoming even less clear why the American taxpayer should foot the bill for a new federal agency to report local news abroad. . . . Finally, the proponents of the creation of a new independent agency to administer RFE/RL [Radio Free Europe/Radio Liberty] assert that such a structure is needed to protect the journalistic independence of these radios. . . . [But] we do not see how putting all the broadcasting services into one agency under these conditions constitutes 'journalistic independence,' when Board members are appointed by the President. . . . The best way for these programs to have the independence they need and desire is simple: privatization."

Minority Views of Senator Sarbanes

Regarding payment of arrearages to the United Nations: "This legislation seeks to impose unilaterally a host of conditions for the release of funds. I have no doubt that if some other country delinquent in meeting its obligations showed up with such demands we would be outraged."

Regarding reorganization of foreign affairs agencies: "I do not believe that such a reorganization should be forced on an administration which has indicated that it is willing to undertake such an effort, and is in the process of developing a plan to do so. It is my view that the administration should have an opportunity to present its own plan to the Congress."

POSSIBLE AMENDMENTS

Lugar: Regarding payment of U.N. arrearages without conditions.

DeWine. To deny entry to the United States to Haitians who have been credibly alleged to have ordered, carried out, or sought to conceal extra-judicial killings.

Gorton/Durbin. Sense of the Senate regarding inclusion of the Baltic states in NATO.

Feingold: Regarding international broadcasting.

Durbin: Sense of the Senate regarding American citizen imprisoned in Peru for ties to terrorist organization.

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